

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1537-03  
Bill No.: HB 530  
Subject: Health Care; Insurance - Medical; Insurance Dept.; Medical Procedures and Personnel  
Type: Original  
Date: March 18, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
General Revenue Fund	(Unknown expected to exceed \$70,000)	(Unknown expected to exceed \$70,000)	(Unknown expected to exceed \$70,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown expected to exceed \$70,000)</b>	<b>(Unknown expected to exceed \$70,000)</b>	<b>(Unknown expected to exceed \$70,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Insurance Dedicated Fund	\$8,000	\$0	\$0
Highway Fund	(Unknown)	(Unknown)	(Unknown)
Patrol Highway Fund	(Unknown)	(Unknown)	(Unknown)
Other State Funds	(Unknown expected to exceed \$11,500)	(Unknown expected to exceed \$11,500)	(Unknown expected to exceed \$11,500)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Unknown expected to exceed \$3,500)</b>	<b>(Unknown expected to exceed \$11,500)</b>	<b>(Unknown expected to exceed \$11,500)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Federal Funds	(Unknown expected to exceed \$18,500)	(Unknown expected to exceed \$18,500)	(Unknown expected to exceed \$18,500)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown expected to exceed \$18,500)</b>	<b>(Unknown expected to exceed \$18,500)</b>	<b>(Unknown expected to exceed \$18,500)</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>(Unknown )</b>	<b>(Unknown )</b>	<b>(Unknown )</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **Department of Social Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** defer to the Department of Transportation for response regarding the fiscal impact of the proposal on the MHP.

Officials from the **Department of Transportation (DOT)** state this proposal will have no fiscal impact on the Missouri Highway Transportation Commission. Section 104.801, RSMo, would require the Highway & Patrol Medical Plan to provide similar coverage. Currently, the Medical Plan does not provide coverage for phases I & II of a clinical trial for cancer. As a result, this proposal would have a fiscal impact on the Highway & Patrol Medical Plan.

**ASSUMPTION** (continued)

Assuming that health carriers are required to cover the costs of services in phases I & II of clinical trials for cancer manufacturers, and distributors or providers of the drugs or devices would no longer pay for any of the related costs, this proposal would have a significant impact on the Medical Plan. Without knowing the types of drugs, devices or services that would be necessary to administer the drugs, or how many individuals would participate, it is impossible to determine the fiscal impact to the Medical Plan.

Historically, the department and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the department (commission) must make a decision on what portion they will provide. Until the commission makes a decision, DOT can only provide the cost to the medical plan.

Officials from the **Department of Insurance (INS)** state the department estimates 160 insurers and HMOs would be required to submit amendments to their policies to comply with the proposal. Policy amendments must be submitted to the INS for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form amendments and review, the INS will need to request additional staff to handle the increase in workload.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state many insurers believe that requiring the medical plan to cover clinical trials for cancer and other life threatening conditions could result in an increase in the plan's financial risk. Since the treatments may vary and only a few providers would be able to administer the treatments, the cost has the potential to become significant. To reduce the risk, the plan may transfer these additional costs to the members through an increase of premium.

In contrast, some current research suggests that the cost of clinical trials may not significantly differ from that for standard cancer treatment. One study observed a clinical trial cost difference, as compared to standard cancer treatment, ranging from -10% to 23%. However, some of these studies only focused on Phase II and Phase III trials.

#### ASSUMPTION (continued)

Forecasting the consequential financial impact of mandatory coverage of phase I-IV cancer trials

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is extremely difficult and therefore, the potential impact of this proposal is unknown.

**Oversight** assumes unknown costs would be expected to exceed \$100,000 annually.

**This proposal will result in an increase in Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**GENERAL REVENUE FUND**

Costs - Missouri Consolidated Health  
 Care Plan

Increase in contributions	<u>(Unknown expected to exceed \$70,000)</u>	<u>(Unknown expected to exceed \$70,000)</u>	<u>(Unknown expected to exceed \$70,000)</u>
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**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

<u>(Unknown expected to exceed \$70,000)</u>	<u>(Unknown expected to exceed \$70,000)</u>	<u>(Unknown expected to exceed \$70,000)</u>
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**INSURANCE DEDICATED FUND**

Income - Department of Insurance

Policy form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON  
 INSURANCE DEDICATED FUND**

<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**HIGHWAY FUND - MoDOT**

Costs - Department of Transportation

Increase in contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON  
 HIGHWAY FUND - MoDOT**

(Unknown)      (Unknown)      (Unknown)

**PATROL HIGHWAY FUND**

Costs - Department of Transportation

Increase in contributions      (Unknown)      (Unknown)      (Unknown)

**ESTIMATED NET EFFECT ON  
 PATROL HIGHWAY FUND**

(Unknown)      (Unknown)      (Unknown)

**OTHER STATE FUNDS**

Costs - Missouri Consolidated Health  
 Care Plan

Increase in contributions      (Unknown  
expected to      (Unknown  
exceed \$11,500)      expected to      (Unknown  
exceed \$11,500)      exceed \$11,500)      expected to  
exceed \$11,500)

**ESTIMATED NET EFFECT ON  
 OTHER STATE FUNDS**

(Unknown  
expected to      (Unknown  
exceed \$11,500)      expected to      (Unknown  
exceed \$11,500)      exceed \$11,500)      expected to  
exceed \$11,500)

FISCAL IMPACT - State Government

FY 2004      FY 2005      FY 2006  
 (10 Mo.)

**FEDERAL FUNDS**

Costs - Missouri Consolidated Health  
 Care Plan

Increase in contributions      (Unknown  
expected to      (Unknown  
exceed \$18,500)      expected to      (Unknown  
exceed \$18,500)      exceed \$18,500)      expected to  
exceed \$18,500)

**ESTIMATED NET EFFECT ON  
 FEDERAL FUNDS**

	<u>(Unknown expected to exceed \$18,500)</u>	<u>(Unknown expected to exceed \$18,500)</u>	<u>(Unknown expected to exceed \$18,500)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>ALL POLITICAL SUBDIVISIONS</b>			

Costs - All Political Subdivisions

Increase in contributions	<u>(Unknown )</u>	<u>(Unknown )</u>	<u>(Unknown )</u>
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**ESTIMATED NET EFFECT ON ALL  
 POLITICAL SUBDIVISIONS**

<u>(Unknown )</u>	<u>(Unknown )</u>	<u>(Unknown )</u>
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FISCAL IMPACT - Small Business

Small businesses could be expected to be fiscally impacted to the extent they incur increased health insurance premiums as a result of the requirements of this proposal.

DESCRIPTION

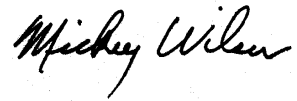
This proposal requires health insurers to cover phase I and phase II of clinical trials for cancer treatment. Current law requires coverage only for phase III and IV of these trials. The proposal clarifies that this mandate of coverage does not apply to supplemental insurance policies.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation  
 Department of Social Services  
 Department of Public Safety -  
     Missouri Highway Patrol  
 Missouri Consolidated Health Care Plan  
 Department of Insurance  
 Missouri Department of Conservation

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A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

MICKEY WILSON, CPA  
DIRECTOR  
MARCH 18, 2003